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SUBJECT Russian Zone Power Supply

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1. The Soviet Zone power supply is divided into five VVB's:
 - a. Power District South, which provides electricity and gas to Thuringia.
 - b. Power District West, which supplies Saxony-Anhalt.
 - c. Power District North for Mecklenburg and Brandenburg.
 - d. Power District East for Saxony.
 - e. Power District Center (Energiebezirk Mitte -- EBM), which has 110,000 and 220,000 volt lines for the interchange of current between the Lander and between the two currency areas. Six of EBM's lines provide power for Berlin, including West Berlin, and this VVB also delivers current to Hannover via Helmstedt and to Bavaria via Rentendorf (Thuringia) and Ludersheim near Nürnberg. The EBM's annual production is approximately 1.8 billion kilowatt hours, of which two-thirds goes to the other four power VVB's, Berlin, and Bavaria, and the remaining third is delivered to industry. The principal customer for the latter is the SAG Stickstoffwerk Piestertitz, which receives 550 million kilowatt hours a year.
2. Under the jurisdiction of EBM are the following power stations working above the district level (überbezirklich):
 - a. Kraftwerk Zschornowitz with a capacity of 172,500 kilowatts. Formerly this power station was a dependent plant belonging to the Elektrowerke Berlin.
 - b. Kraftwerk Magdeburg with a capacity of 45,000 kilowatts. It was formerly the sole plant of the Mitteldeutschen Kraftwerke AG (MIKRA), a subsidiary company of the Elektrowerke Berlin.
 - c. Kraftwerk Harbke with a capacity of 172,500 kilowatts. It was a dependent branch plant of the Braunschweigische Kohlenbergwerke AG (BKB) in

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CENTRAL INTELLIGENCE AGENCY

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Helmstedt in the British Zone. Although the Kraftwerk Harbke is similar to the other two plants in that its high tension lines have been expropriated, the Soviet Zone government has not nationalized the Harbke plant but has left its administration to its old owner, the BKB. The expropriation measures could not be completed because all the plant's coal (approximately 5,000 tons daily) comes from the BKB's mine fields in the Western Zones, and the water (16,000 - 18,000 cubic meters daily) is also derived from the West. Furthermore, the plant's ashes can be disposed of only by dumping in the exhausted coal fields of the BKB.

3. The machinery in the EEM's power stations in 1949 was in terrible condition, according to source. In the Kraftwerk Zschornowitz in particular, only the oldest boilers and machinery remained after the dismantling, and, because of overloading in the past decade, these have so deteriorated that their operation is dangerous. In May 1949, the Workers' Protection Office (Arbeitsschutzamt) caused a work stoppage which affected two-thirds of the plant's boiler capacity. This was necessary because the thickness of the boiler pipes was far below the safety limit.
4. The power plants' equipment is also suffering from the following acute shortages in the Soviet Zone:
 - a. Blade steel for the production of turbine blades in the newly established shops in the nationalized economy.
 - b. Finished blade material, which is still not produced in nationalized enterprises.
 - c. Copper wire for the lines.
 - d. Steel-aluminum and aluminum wire for the high tension lines.
 - e. Steel wire for grounded lines.
5. Of the five power VVB's, the financial situation of the EEM is the worst. The EEM worked at a loss of 1.32 million (presumably east marks) in the fiscal year of 1949. This is due primarily to the fact that the EEM has to deliver current at cost to the SAG Stickstoffwerk Piesteritz, and the resultant annual loss to the EEM of 4 million marks (presumably east marks) acts in effect as an indirect subsidy to the Piesteritz SAG. EEM's finances are also affected adversely by the increased production costs arising from the poor mechanical condition of the power plants, from the high cost of transporting the coal for Magdeburg from railroad to ship, and from the low quality of the coal used at Tschornowitz. The latter is the result of a lack of the equipment, particularly coal excavators, required for proper mine exploitation. The EEM's recorded loss of 1.3 million marks and also its liabilities of approximately 7 million marks for 1949 are to be covered by state funds (aus dem Staatshaushalt abgedeckt).
6. The five power VVB's provided 130 million east marks in cash to the national budget in 1949, and the resultant lack of liquidity in the power industry has made it difficult for the plants to meet their obligations and is in part responsible for the dangerous stoppages and restrictions.
7. The main office of the EEM is located in Berlin W 8 at Behrenstrasse 21-22. The principal officials are as follows:

Director:	Willi Giesbrecht	Constantly at odds with the three directors mentioned below, who are faithful followers of the SED line.
Technical director:	Henkel	An engineer, formerly an employee of Siemens and after the war head of the electro-technical division of the Kraftwerk Zschornowitz; lacks experience in the electrical industry, fears responsibility, and works solely for his own gain.

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Commercial director:	Günther Rüscher	Good general education but lacks the training necessary for his present job; formerly an administrative employee in a business and a government official in administration; considered radical even by the SED; ruthless but lacks Henkel's cunning.
Personnel director:	Helmut Sporleder	Politically a very controversial person, attacked in particular by the SED of Kreis Bitterfeld and by the FDGB; dictatorial; according to source, the most intelligent, clever, flexible, and clear thinking of the personnel directors of the five power VVB's.

8. The attitude of the EBM's employees toward the SED is for the most part one of apathy or even passive resistance. Of the 2,700 workers, only about 230 belong to the SED shop groups, and even these few do not engage in enough political activity to satisfy the SED. Of the 142 employees in the EBM's main office, only 20 are in the SED shop group. The various shop group chairmen are as follows:

Kraftwerk Magdeburg:	Liesegang	An old SPD man, now in hot water with the SED.
Kraftwerk Harbke:	Wiehe	30-year-old son of the Harbke mayor.
Power lines:	Mueller	Formerly SPD.

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